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Landlocked and Transit Developing Countries and
Representatives of Donor Countries and Financial
and Development Institutions
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POLICIES AND ACTIONS TAKEN BY INDIVIDUAL COUNTRIES, AND BY INTERNATIONAL ORGANIZATIONS TO IMPROVE TRANSIT TRANSPORT SYSTEMS

Note by the UNCTAD secretariat

The lack of territorial access to the sea, aggravated by remoteness and isolation from world markets and by the prohibitive transport costs associated with conditions of inadequate infrastructure, imbalance of trade, inefficient transport operations, poor utilization of assets and weak managerial, procedural, regulatory and institutional systems, poses serious constraints on the trade and economic development of land-locked developing countries. The General Assembly in its resolution 52/183 appealed to all States, international organizations and financial and development institutions to implement, as a matter of urgency and priority, the specific actions related to the particular needs and problems of landlocked developing countries. The Secretary-General of UNCTAD addressed a letter to landlocked and transit developing countries, donor countries and the relevant international organizations requesting them to provide information on the policies and actions that they are taking or envisage taking with a view to improve transit transport systems. 30 replies received from 4 donor countries, 8 landlocked developing countries and 3 transit developing countries and 15 international organization are summarized in the note.

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CONTENTS

		Paragraphs
Introduction		1-5
I.	**Summaries of replies received from Governments**	6-34
	A. Donor countries	6-11
	Austria	6
	Italy	7
	Japan	8-9
	Sweden	10-11
	B. Landlocked developing countries	12-29
	Bolivia	12-13
	Ethiopia	14
	Kazakhstan	15-16
	The Lao People's Democratic Republic	17
	Mongolia	18-20
	Nepal	21
	Paraguay	22-25
	Zimbabwe	26-29
	C. Transit developing countries	30-34
	India	30-32
	Thailand	33
	Turkey	34
II.	**Summaries of replies received from international organizations**	35-72
III.	**Conclusion**	73-80

Introduction

1. The General Assembly, in paragraph 11 of its resolution 52/183, requested the Secretary-General of the United Nations to convene, in 1999, a meeting of governmental experts from landlocked and transit developing countries and representatives of donor countries and financial and development institutions, including relevant regional and subregional economic organizations and commissions, to review progress in the development of transit systems, including sectoral aspects, as well as transit transportation costs, with a view to exploring the possibility of formulating necessary action-oriented measures.

2. In paragraph 4 of the above mentioned resolution, the General Assembly called upon both the landlocked developing countries and their transit neighbours to implement measures to strengthen further their cooperative and collaborative efforts in dealing with transit issues, inter alia, by improving their transit transport infrastructure facilities and bilateral and subregional agreements to govern transit transport operations, developing joint ventures in the area of transit transport, and strengthening institutions and human resources dealing with transit transport.

3. Furthermore, in paragraph 5 of the same resolution, the General Assembly appealed to all States, international organizations and financial institutions to implement, as a matter of urgency and priority, the specific actions related to the particular needs and problems of landlocked developing countries agreed in the resolutions and declarations adopted by the General Assembly and the outcomes of recent major United Nations conferences relevant to landlocked developing countries, as well as in the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community.

4. In paragraph 13, the General Assembly urged the United Nations Conference on Trade and Development (UNCTAD), inter alia, to keep under constant review the evolution of transit transport infrastructure facilities, institutions and services, to monitor the implementation of agreed measures, including by means of a case study as necessary, to collaborate in all relevant initiatives, including those of the private sector and non-governmental organizations, and to serve as a focal point for cross-regional issues of landlocked developing countries.

5. As part of the implementation of the above provisions of the resolution, the Secretary-General of UNCTAD addressed a letter to landlocked and transit developing countries, donor countries and the relevant international organizations involved in transit traffic and trade, requesting them to provide information on the policies and actions that they are taking or that they envisage taking with a view to improving transit transport systems. The 30 replies received from four donor countries, eight landlocked developing countries, three transit developing countries and 15 international organizations are summarized below.

I. Summaries of replies received from governments

A. Donor countries

Austria

6. Austria acknowledges that landlocked developing countries, in particular those in Africa, face acute transit transport problems which greatly hamper their external trade performance, and has been active in providing both financial and technical assistance to these countries. In 1998, Austria, in its capacity as holder of the Presidency of the European Union, participated in the Southern African Development Community (SADC) - European Union transport meeting, which adopted specific measures to implement effectively the SADC Protocol on Transport, Communication and Meteorology. Since 1991 Austria has provided ATS 490 million schillings (about US$ 48.5 million) to Zambia-Tanzania Railways (TAZARA), whose performance is vital to the success of Zambia's external trade. Assistance in support of regional cooperation and integration includes the upgrading of the Transkalahari highway linking Botswana and Namibia, the Zimbabwe-Malawi corridor through Mozambique and the northern corridor which links Uganda to the sea port of Mombasa in Kenya.

Italy

7. Italy recognizes the importance of developing efficient transport systems to improve external trade performance and revenue generation. It is currently co-financing, with the World Bank and the Government of Eritrea, a project to rehabilitate Eritrea's two major ports, Massaua and Assab, at an estimated cost of US$ 57.6 million. Italy's contribution to this project will be US$ 21 million, the World Bank's contribution will be US$ 30.3 million and Eritrea will finance the remainder. In 1997, at the start of the project, US$ 4.1 million was disbursed, and it was estimated that US$ 16.9 would have been allocated to this project by the end of 1998.

Japan

8. Japan recognizes the importance of adequately addressing the particular needs and problems of landlocked developing countries, and has continued to provide financial and technical assistance to landlocked and transit developing countries to improve their transport systems. Japan has provided official development assistance (ODA) in the form of grant aid to develop efficient transport systems in the following landlocked and transit developing countries: the Central African Republic, for road construction; Zambia and Zimbabwe, for the construction of a bridge between the two countries; in Malawi, for the construction of a bridge; in Mozambique, for dredging equipment to improve Beira port which handles transit transport for Malawi and Zimbabwe; in Nepal, for road construction; and the Lao People's Democratic Republic, for the renovation of the international airport and reconstruction of a number of bridges.

9. The Government of Japan has also provided loans to finance transport projects in the following landlocked and transit developing countries: Kyrgyzstan, for the modernization of

improve transport and communication systems. However, their implementation is far from satisfactory as various protectionist measures imposed by Governments, as well as overlapping customs and transit documents are still in use. Policies, adopted by neighbouring transit countries have eroded the competitiveness of small transport operators in Bolivia. Therefore, there is an urgent need to harmonize and unify transit transport documents, and to introduce flexible working hours for customs and cross-border authorities.

13. The secretariat of the Latin American Integration Association (ALADI) has recently conducted a study on the transit transport situation in Bolivia. This study has formulated proposals for actions to facilitate cross border transport between Bolivia and Peru, and between Bolivia and Argentina.

Ethiopia

14. Ethiopia is committed to implementing mutually agreed programmes with neighbouring countries to improve transit services. The implementation of a 10-year road sector development programme started in 1997. This programme, inter alia, gives priority to the improvement and maintenance of various corridors providing links with ports in neighbouring countries. As regards roads, the Dobi-Galafi road (30 km) was upgraded from gravel to asphalt; the Diredawa-Dewolle road (200 km) will be reconstructed (the Government of Ethiopia is engaged in obtaining financial resources for its reconstruction); the Addis Ababa-Moyale road is under reconstruction with funds provided by the European Union, amounting to 310 million Ethiopian birr (about US$ 44 million); and the construction of the Addis Ababa-Harare road (1,001 km) is scheduled to start soon, with finance from the World Bank and the Government of Ethiopia.

Kazakhstan

15. The economic development of Kazakhstan is constrained partly by the high transport costs associated with the movement of transit cargo. The Government of Kazakhstan continues to give high priority to the development of its transit transport infrastructure. The Druzhba-Alashankou railway, part of the transcontinental railway connecting the ports of Lianyungang, China and Rotterdam, the Netherlands, has been opened. The Aktogai-Druzhba corridor is being rehabilitated. Preparatory work for the container transportation through the northern corridor of the trans-Asian railway (China-Druzhba-Presnogorkovskaya-Brest) has started within the framework of the Asian land transport infrastructure development. Electrification of the Otar-Almaty line of the trans-Asian railway's central corridor is being completed, and is expected to speed up traffic flows in the future.

16. Construction of the Bekdash-Yeralievo railway corridor, which will connect South Asia and Europe, is expected to start soon. A feasibility study on the construction of the Almaty-Bishkek road, which will be an important improvement to the trans-Asian road network in Eurasia, has been completed. The Government of Kazakhstan is conducting negotiations with the Asian Development Bank to finance construction of the road. The Transit Transport Framework Agreement under the Economic Cooperation Organization (ECO) was signed in 1998, and is

widely viewed by the international community as a significant achievement on the way to fuller facilitate trade and economic cooperation among ECO member countries.

The Lao People's Democratic Republic

17. An agreement on road transport was signed between the Government of the Lao People's Democratic Republic and the Government of Thailand on 5 March 1999. The Agreement contains, *inter alia*, a provision that allows exporters and importers of the Lao People's Democratic Republic to select transport operators based in one of the contracting parties or in a third party. The early implementation of this agreement will provide greater commercialization and liberalization of transport operations and services and encourage competition among transport service providers.

Mongolia

18. Transit transport operations in Mongolia are governed by bilateral and multilateral agreements. Mongolia has signed bilateral transit agreements with China and the Russian Federation. Mongolia has acceded to the Convention on Transit Trade of Land-locked States, the Warsaw Convention for the Unification of Certain Rules Relating to International Carriage by Air, the United Nations Convention on the Law of the Sea, and the Convention on Road Signs and Signals of 1968. A Protocol on specific rules necessary for the implementation of the Intergovernmental Agreement on Auto Transportation was signed between Mongolia and the Russian Federation. The protocol introduces the use of permission certificates, which enables the transportation of passengers by road on the territories of both parties without taxes or fees.

19. The Mongolian railway system plays a key role in the movement of transit cargo. Cargo to and from the Russian Federation and Europe is transported via a broad-gauge line with no interruption along the routes. However, cargo to and from China and other Asian countries needs trans shipment as there are two different rail gauges in China and Mongolia. Some improvements have already been made as a result of the construction of new trans shipment facilities at Zamyn Uud, Mongolia. With technical assistance and loans provided by Japan and the World Bank, concrete measures have been undertaken to improve the national railway system. Under these loans, 450 new carriages were put into service in 1998 and new facilities have recently been constructed for the trans shipment of oil and oil products in Sukhbaatar (at the northern border).

20. The Mongolian master plan for road provides for the construction and reconstruction of a total of 700 km of paved roads, and 3,000 m of bridges. Since 1996, 173 km of roads and 1,208 m of bridges have been built. Under the Economic and Social Commission for Asia and the Pacific (ESCAP) project on the Asian highway network, first priority is given to the A-3 road. Rehabilitation work on the northern section of A-3 road was started in 1997 and should be completed by the end of 1999. Reconstruction of the southern section of the Ulaanbaatar-Zamyn Uud road would make a significant contribution to the development of transit transport through China. A feasibility study on the road was prepared in 1998 and the Asian Development Bank currently considering whether to approve a loan for the reconstruction. Second priority is given

currently considering whether to approve a loan for the reconstruction. Second priority is given to the A-83 road connecting Darkhan-Erdenet-Muren-Ulaangom-Borshoo in the northwest of the country. Reconstruction of the 184 km long Darkhan-Erdenet road section started in May 1998.

Nepal

21. Nepal cooperates with India in the framework of bilateral and international agreements and arrangements. Transit transport operations in Nepal are mainly governed by the Indo-Nepal Treaty of Transit. This treaty includes, a provision whereby it is automatically extended for seven years unless one of the contracting parties gives written notification of its intention to terminate it. Nepal and India have cooperated in developing a multimodal transport system for goods moving to and from Nepal through the territory of India.

Paraguay

22. Paraguay pursues a policy of full involvement in regional integration processes, and has joined both the Southern Common Market (MERCOSUR) and the Central South American Integration Zone (ZIRCOSUR). ZIRCOSUR comprises parts of the territory of Argentina and Chile as well as the whole territory of Paraguay. It covers an area of 3.6 million km^2 and a population of 29 million. Several donors have indicated they strongly support the development of the transit transport systems in the region. Paraguay recognizes the importance of active participation in regional cooperation schemes in developing transit transport systems. Its central location in Latin America provides a unique opportunity to develop important transit corridors, linking the Atlantic and Pacific coasts through the central heartland of the continent. Paraguay has prepared studies on a number of possible corridors, including corridors between La Patria and Garay, La Patria and Infante Rivarola, Estigarribia and Pozo Honda on the Pacific coast, and between Asuncion and Ciudad del Este, and Pozo Colorado and Pedro Juan Caballero on the Atlantic coast.

23. Inland waterways play an important role in the transit transport in Paraguay. There are two principal waterways, the Paraguay and Parana rivers. An inland waterway transport agreement between Argentina, Bolivia, Brazil, Paraguay and Uruguay, which came into force in 1995, governs inland waterway transport in the region. The agreement has important protocols on customs, navigation, security, the environment, competition and dispute settlement. Paraguay faces severe financial constraints in its efforts to develop its ports and infrastructure. It is, however, necessary to upgrade the existing and establish new inland ports. Storage facilities also need to be expanded.

24. Road transport carries a substantial portion of the domestic and international passenger and cargo transport of Paraguay, and the Government gives high priority to the development of the country's road transport network. Paraguay has reached agreement with the Inter-American Development Bank on a loan of US$ 82, 3 million. Under this loan, the following projects have been, or are being funded: a project to reconstruct route 8 (Caazara - Coronel Bogado) and a project on route 10 (Puerto Rocario - San Estanislao) (currently being implemented); a project on route 3 (San Estanislao - Salto del Guaira) (completed); and a project to rehabilitate route 9.

The roads between Estancia La Patria and Infante Rivarola (112 km), Neuland and Pozo Honda (313 km) and Pozo Colorado and Diaz (216 km) will also be reconstructed under the above funding arrangement.

25. The main railway line is Ferrocarril Central del Paraguay, President Carlos Antonio Lopez railway, which connects Asuncion city with Encarnacion. It is linked with the rail networks of Argentina, Brazil and Uruguay through the international bridge Encarnacion Posadas. For some time, the Government of Paraguay has made known its intention to privatize its railways. But it seems that the high investment necessary to modernize its century old railways is little interest to the private sector.

Zimbabwe

26. Zimbabwe continues to actively participate in the work undertaken within the Southern African Transport and Communication Commission (SATCC) and Common Market for Eastern and Southern Africa (COMESA). In 1998, the Parliament of Zimbabwe ratified the SADC Protocol on Transport, Communication and Meteorology as well as bilateral road transit agreements with South Africa and Zambia. Zimbabwe also concluded bilateral transit agreements with Mozambique, Namibia, Malawi and the United Republic of Tanzania. National Railways of Zimbabwe participates in "Spoornet" (the South African wagon tracking system).

27. Transport infrastructure development and maintenance for the transit network is one of the priorities in the public investment programme of Zimbabwe. The construction of the Bulawayo-Beit Bridge Railway has started in 1998; when completed, it will shorten the distance between Bulawayo and Beit Bridge by 225 km. Reconstruction work on the Harare-Gweru road involves expanding the 264 km stretch of road into a four lane highway. Since the road serves transit traffic, transport operators from Zimbabwe and neighbouring countries will benefit through improved traffic flows. The Government of Zimbabwe has also purchased 20 weigh bridges, which have been installed at strategic points throughout the country including all border posts. The government recently introduced overload fees to cut down the number of overloading incident. As a result, the incidence of overloading fell from 42 per cent in 1993 to less than 3 per cent in January 1999. Reconstruction of the New Harare International Airport started in December 1997 and is expected to be completed in the first quarter of 2000. With the assistance of Danish International Development Association (DANIDA), Zimbabwe has implemented three lake safety and navigation projects at Lake Kariba.

28. The Government pursues a policy that encourages private-sector investment in the construction and maintenance of roads, bridges and railway lines as well as the commercialization and privatization of state owned enterprises in the transport sector. The Railway Act was amended to enable the National Railways of Zimbabwe to become three separate entities, responsible for infrastructure, equipment and operations, respectively. The infrastructure entity will be concessioned to the private sector, the equipment entity will own, lease and maintain railway equipment, and the operations entity will run passenger and freight trains. The Civil Aviation Act, adopted in 1998, established the Civil Aviation Authority of

Zimbabwe to run commercial airlines. It will generate revenue from landing, overflight and ground handling fees and from the leasing of office and retail space.

29. Zimbabwe recognizes the benefits of pooling resources with regional and international airlines. AFFETAIT, the national cargo airline, operates in partnership with South African Airways Cargo, DHL International and Air Malawi Cargo in an effort to ensure maximum utilization of equipment and enhance the viability of each operator. Also, Air Zimbabwe, the national passenger airline, has joint ventures with Air Botswana and Air Malawi for flights to the United Kingdom.

C. Transit developing countries

India

30. India has provided 15 transit routes for Nepalese transit trade with third countries. It has also agreed to provide additional facilities for Nepalese transit trade through Mumbai and Kandla ports in addition to the existing facilities at Calcutta. Nepalese traffic in transit is exempt from customs and transit duties or other charges, except reasonable charges for transportation. A detailed procedure (the Memorandum to the Protocol to the Treaty of Transit) has been drawn up for Nepalese imports and exports to or from third countries that pass through Indian territory, including appropriate measures to prevent diversion of goods while in transit. Warehouse facilities have been provided by the Port Trust of India in Calcutta for handling Nepalese goods in transit. Facilities are also available for the transport of Nepalese goods in transit by road, rail and air.

31. The Treaty of Transit between India and Nepal, which has been renewed in 1994 for a period of seven years, is automatically extended by seven years unless one of the contracting parties gives written notification of its intention to terminate it. The routes and other operational modalities are reviewed periodically by the Indo-Nepal Inter-Governmental Committee to incorporate any necessary and mutually agreeable amendments.

32. Special transit facilities are also provided for Bhutanese trade with third countries that passes through Indian territory. Twelve exit/entry points are available to Bhutan for its trade with third countries by air, road and river. A detailed procedure has been agreed for handling Bhutanese transit trade through India, taking the necessary precautions to prevent diversion of goods into India.

Thailand

33. Thailand, as a transit country, pursues an active policy to develop transit facilities for its neighbouring landlocked country, focusing on the development of a legal framework for transit transport operations. An agreement with the Government of the Lao People's Democratic Republic and the Government of Socialist Republic of Viet Nam on facilitating cross-border transport of goods and passengers was due to be concluded in April 1999. The main objective

of the agreement is to speed up traffic through simplified and harmonized procedures, legislation and regulations.

Turkey

34. Turkey attaches great importance to relations with all central Asian republics in the field of transit transport, and has been active in providing both financial and technical assistance to these countries. It strongly encourages subregional cooperation in developing an efficient transit transport system. With the active involvement of Turkey, the Transit Transport Framework Agreement of ECO countries was signed on 9 May 1998. Turkey has also concluded bilateral road transport agreements with Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan and Azerbaijan. Turkey believes that the railway industry has great potential for subregional cooperation. At the second meeting of ECO transport ministers in March 1998, a 10 year transport plan and the action plan were adopted. Both plans prioritize the accelerated development of the road and railway infrastructure in the region. ECO members have also decided to establish an international consortium to develop the regional transport infrastructure. The cooperation between ECO and ESCAP is aimed at developing an uninterrupted transport system between Asia and Europe through upgrading the quality of road and railway transport systems. Efforts are also being made to strengthen cooperation with other international organizations such as UNCTAD and Islamic Development Bank.

II. SUMMARIES OF REPLIES RECEIVED FROM INTERNATIONAL ORGANIZATION

Central African customs and economic union (UDEAC)

35. One of the main objectives of UDEAC is to put in place an integrated, coordinated, efficient and responsive transit system in the subregion which would meet the long-term needs for socioeconomic development of its member States. The regional reform programme of 1989 contains a number of specific measures aimed at developing transit corridors and simplifying customs procedures. The UDEAC protocol of understanding, which was adopted in 1991, comprises two parts, one on the facilitation of transit trade and one on infrastructure development. As regards facilitation, the main targets are to develop the customs regime, procedure and security guarantee, as these measures play an important role in reducing transport costs. As regards the infrastructure development, transit corridors have been identified for funding by the European Union. In this context, implementation of the project on the development of the Bertoua - Garoua Boulai corridor, which links Cameroon and central Africa, is expected to start in the first quarter of 2000. Also, a technical study on the Ngaodere-Touboro road, which links Chad with sea ports in Cameroon, has been completed. A feasibility study on the Yaounde-Eboro-Bitam between Cameroon and Gabon will soon be completed.

36. ECA is assisting member States in improving trade facilitation measures. In this context, the ECA technical cooperation package encourages member States, including landlocked developing countries, to create inter-institutional bodies whose main objective will be to promote trade

facilitation, to examine trade and transport issues and to formulate recommendations aimed at creating efficient transport systems and transparency in trade and transport services. These national trade and transport facilitation forums consist of government representatives (ministries of transport and communications, trade, finance and customs), major service providers (carriers, freight forwarders, multimodal transport operators and financial institutions), and traders who benefit from the reduction in transaction costs in their commercial operations.

37. As regards the application of information technology in the field of transport, ECA, in collaboration with UNCTAD, has especially supported the introduction and use of Automated System for Customs Data (ASYCUDA) and the Advance Cargo Information System (ACIS).

Economic Commission for Asia and the Pacific(ESCAP)

38. The efforts of the ESCAP secretariat to assist landlocked and transit developing countries of the region mainly focus on land transport, transit agreements, human resource development and trade promotion. In order to enhance the trade of its member States, the ESCAP secretariat promotes regional and subregional cooperation in the development of the land transport infrastructure in Asia, including in landlocked developing countries. In this regard, the proposed project on the Asian Land Transport Infrastructure Development is expected to make a major contribution to the development of transport infrastructure in the region. Within the overall context the project, comprising the Asian highway and trans-Asian railway networks and land transport facilitation measures, special attention has been given to the involvement of the landlocked countries in the region so as to improve road and rail access to and from their countries. The land-locked countries in the ESCAP region are now participating in the project and are included in the above two networks.

39. ESCAP has also been actively encouraging the member States to accede to the international land transport facilitation conventions, pursuant to ESCAP resolution 48/11 of 23 April 1992. Accession to the two transit conventions, namely, the Convention and Statute on Freedom of Transit (Barcelona, 1921 and the Convention on Transit Trade of Land-locked States (New York, 1965) is also being actively promoted. Subregional seminars have been held to explain the content and benefits of acceding to the conventions mentioned in ESCAP resolution 48/11 for the countries of the ECO and South Asian Association for Regional Cooperation, the countries of the Greater Mekong and north-east Asia subregions. A follow-up workshop at the national level was held in the Lao People's Democratic Republic in September 1998. Similar national workshops are planned for several other landlocked countries, subject to the availability of funding. These endeavours have precipitated the accession to the international conventions by many landlocked developing countries securing to enhance their international trade and tourism. They have also set in motion the process of consultation and negotiation between landlocked developing countries and their neighbours, both on a bilateral and a multilateral basis, to find ways of cooperating in the improvement of transport infrastructure and transport efficiency.

Economic Commission for Africa (ECA)

40. Given that 16 of of 29 landlocked developing countries are in Africa, ECA has undertaken a wide range of programmes and activities at the sub-regional and regional level to address existing bottlenecks in transit traffic. Under the second United Nations Transport and Communications Decade in Africa, ECA is required to coordinate and facilitate the consolidation and establishment of a network of transport corridors. ECA continues to promote the development of additional transit corridors and regularly conducts research on transport sector problems in order to identify the major obstacles to the development of efficient transit transport systems along the major transit corridors which link landlocked developing countries to sea ports through their transit neighbours. ECA's findings suggest that the implementation of transit corridor agreements in general has been unsatisfactory. Weak implementation has been caused by, inter alia, inconsistency between national legislation and the provisions of the transit agreements resulting from different interpretations of the rights and obligations under the agreements, excessive bureaucracy (especially at the border crossing points) and the lack of adequate infrastructure facilities to cope with traffic volumes. In collaboration with the United Nations Development Programme (UNDP), the International Trade Centre (ITC), UNCTAD and the relevant subregional intergovernmental organizations such as COMESA, the Economic Community of West African States (ECOWAS) and SADC, ECA has embarked on a series of workshops to raise national, regional and sub-regional awareness of the benefits of transit corridor agreements. In all cases the target groups have been both government officials and private economic operators. The secretariats of the transit corridors are also actively involved in the above workshops. Further, ECA, through its advisory services, encourages landlocked developing countries to diversify their access to the external market through alternative transit corridors in order to engender competition.

Economic Commission for Europe (ECE)

41. ECE has developed a unique set of the international legal instruments governing international transport of goods and passage of vehicles. It has been recognized that these instruments contributes significantly to the opening up and integration of countries in the European and world economy. With regard to the international transport of goods, ECE has played a key role in putting in place various international conventions and agreements that regulate international rail and road traffic. A range of procedures for temporary importation, transport of dangerous goods, regulation of international transport operations and cross-border transport of goods have also been developed. ECE is promoting accession to and implementation of this set of legal instruments by all countries, including landlocked developing countries. Indeed, several landlocked developing countries have acceded to a number of these legal instruments.

42. ECE is also promoting subregional cooperation among its member States, with a view to enhancing the coordinated implementation of such legal instruments. In this respect, the following projects deserve to be mentioned: in the framework of the joint ECE/ ESCAP Special Programme for the Economies of Central Asia, a working group on transport and border crossing facilitation has been created. Its membership includes five central Asian States as well

as ECE, ESCAP and the UNDP office in Kazakhstan. The working group will focus on the programme's priority area of the development of transport infrastructure and cross-border facilitation.

43. The Southeast European Cooperative Initiative (SECI), supported and technically backstopped by ECE, was established with a view to encouraging cooperation among the countries of south-east Europe and to facilitate their integration in Europe. In the framework of SECI, the project group on transport infrastructure development along main international routes is involved, in close collaboration with other international organizations and the European Commission, in the development and optimization of conditions for using the transport infrastructure in the SECI region. The group examines a large number of projects related to road and rail infrastructure at border crossings and international transport routes in the SECI region. Several of these project proposals have been submitted to the World bank for funding. Another subject of interest to the SECI Governments is the possibility of reducing border crossing times for international passenger and goods shuttle trains in the region. To this end, an ad hoc group is working on developing the conditions for reducing waiting times.

44. In addition, the SECI project group on border crossing facilitation is preparing a memorandum of understanding which would provide for a quota free regime for bilateral and transit road transport of goods in all participating SECI States. The memorandum also foresees transparent charging policies and the development of an information system for road user charges at the international level. Moreover, the memorandum also foresees the establishment of a regional road transport committee of competent national governmental authorities to ensure proper monitoring and implementation of its provisions and to prepare, in the future, a possible multilateral regional road transport agreement that could also include provisions on passenger road transport. National committees, which work on the simplification and harmonization of procedures and practices in administration, commerce and transport, could participate in the meetings of the regional committee in a consultative capacity. The ECE secretariat has been invited to provide the regional committee with secretariat services.

International Air Transport Association (IATA)

45. The main aim of IATA, the global airline trade association with a membership of 257 carriers, of which 18 are based in landlocked developing countries is to promote safe, reliable and secure services and to develop collaboration among airlines and cooperation with ICAO. IATA's Multilateral Interline Traffic Agreements enable airlines to extend the full range of interline benefits to the most price sensitive and geographically isolated consumers. The multilateral IATA tariff coordination process was developed to facilitate agreements between airlines on fares. IATA programmes and activities support civil aviation in developing countries, and are concerned with, among other things, safety, the "millennium bug", the transport of endangered species and the enhancement and financing of the air traffic service (ATS).

46. Safety remains the highest priority of IATA; its most important strategic objective is to reduce the aircraft hull loss rate by 50 per cent by the year 2004. An important element of the

programme that is particularly relevant to smaller airlines is the "buddy system", under which major airlines help their smaller partners to develop a safety culture.

47. Safety has received special attention in Africa, especially on routes between southern Africa and Europe, where the growth in traffic has been accompanied by a rise in air traffic incidents. IATA has been cooperating with States and provider organizations to improve fixed and mobile communications and navigational aids to reorganize airspace and manpower. For example, significant improvements to pilot/controller communication systems have been made along the entire African route, especially in the Luanda and N'Djamena flight information regions.

48. Improved coordination between ATS units throughout southern Africa has resulted in the installation of essential communication links by the SADC Vectoral Satellite project.

49. A critical safety issue is the ability of computer systems to process data as we move into the next century (i.e. to cope with the "millennium bug" or "Y2K" problem); the airline industry as a whole is estimated to have invested over US$ 1,6 billion to resolve internal Y2K problems. In addition, IATA is spending US$ 17 million to assess Y2K preparedness in member countries, to increase Y2K awareness and to render assistance to airports. The goal is to ensure safety and business continuity with minimal impact on infrastructure capacity.

50. IATA operates a centralized billing and collection scheme for 25 ATS authorities around the world to ensure the timely collection of air navigation charges. Improved cash flow and collection has facilitated infrastructure improvements in numerous countries, including land-locked developing countries.

International Civil Aviation Organization (ICAO)

51. In order to address the particular needs and problems of landlocked developing countries, ICAO has undertaken activities in a number of Asian and African landlocked developing countries; In Botswana, ICAO is assisting the Department of Civil Aviation in upgrading and expanding the capacity of the civil aviation facilities in line with the provisions of national development plan, in Ethiopia, ICAO assists in monitoring the implementation of a project to expand and modernize Addis Ababa airport, in Lesotho, support is being provided in the implementation of a project to restructure Lesotho Airways, particularly in extending air transport to the rural and isolated population, in Rwanda, emergency assistance continues to be provided by UNDP and ICAO so that domestic air transport activities can be resumed and a civil aviation master plan prepared. ICAO is also undertaking a project to develop airport maintenance facilities and to provide on-the-job training of personnel in Uganda, a project to improve the air transport facilities in Zimbabwe, particularly in the area of flight safety control, a project to restructure the maintenance and flight operations organization of Lao Aviation in Lao People's Democratic Republic (including measures to improve the commercial viability of the airline), and a project to enhance the safety overflight capability of the Government of Mongolia, in Armenia, ICAO provides technical assistance and field experts for monitoring and assisting in the construction of the cargo terminal at Yerevan Zavrtnotz International Airport, in Azerbaijan, it is providing assistance for two projects, the Civil aviation 10-year master plan for the

development of the transport sector, and the Nakhchivan airport development plan aimed at the rehabilitation and modernization of the airport to meet the need of the isolated Nakhchivan enclave for air links with the rest of Azerbaijan and the outside world.

International Finance Corporation (IFC)

52. While IFC has no particular policy to address the needs of landlocked developing countries, it has been involved in financing a number of private-sector projects in Latin America designed to improve the regional transportation infrastructure links that are critical for the trade flows and economic activities of landlocked developing countries. Recently, for example, it has been involved in financing Central Aguirre, a grain-handling port and free trade area on the Paraguay river in Bolivia, and Cb Transportes, a Chilean company involved in the provision of freight railroad services in Chile and Bolivia. In addition, IFC is currently appraising a number of projects supporting railways, highways and ports in Latin America, Asia and Africa that are expected to lend to substantial improvements in regional transportation links.

International Maritime Organization (IMO)

53. IMO is fully aware of the difficulties of landlocked developing countries and strives to involve as many landlocked developing countries as possible in its technical cooperation activities. As part of its technical cooperation programmes, IMO established the World Maritime University, in Sweden, and the International Maritime Law Institute, in Malta, as unique international centres of excellence to cater to the practical needs of developing states in the maritime field. IMO helped to secure a total of 25 fellowships for participants from eight African landlocked countries in the period 1992-1997 for training at the above institutions. A subregional seminar entitled "Women in the maritime sector: opportunities and challenges" was held in Mangochi, Malawi, in October 1997, funded under the women in development component of the IMO-Norway Cooperation Programme. One-day national seminars were also conducted at Malawi Polytechnic College and at Chancellor College. IMO also conducts maritime legislation needs assessments. In 1999, missions are scheduled to Ethiopia and Zambia. Bolivia and Paraguay are members of the regional network of maritime authorities from south America, Mexico and Panama known as ROCRAM, with which IMO cooperates in all its regional technical assistance activities in Latin America. The two Southern American landlocked countries are therefore systematically invited to participate in all such activities. In the period 1993-1998, 21 fellowships were granted to nationals of Bolivia and Paraguay.

54. Following the sinking of the Bukoba on Lake Victoria in May 1996 which resulted in the deaths of more than 500 people, the Secretary-General of IMO offered long-term technical assistance to improve safety of navigation on Lake Victoria. IMO has produced a project document entitled "Enhancement of safety of navigation on Lake Victoria"; the project is budgeted at $US 13.54 million, and IMO is seeking donor funding to implement the project over a five-year period. The main objective of this project is to improve maritime safety on Lake Victoria by enhancing and developing communications, aids to navigation, search and rescue, and hydrography.

International Monetary Fund (IMF)

55. IMF policy is to extend uniform treatment to all members while seeking to meet their particular needs and circumstances. Within this overall policy, as at December 1998, the outstanding use of the IMF resources under all facilities by landlocked developing countries totaled special drawing rights (SDR), 2.2 billion or (US$ 3.1 billion). Up to December 1998, 25 three-year under the Enhanced Structural Adjustment Facility (ESAF) arrangements and three additional annual ESAF arrangements had been approved for 16 landlocked developing countries at a total commitment of SDR 2.8 billion, of which SDR 2.4 billion has been disbursed.

56. Also, seven landlocked developing countries made use of IMF resources under standby arrangements and Zimbabwe made use of the extended fund facility during a 12-year period ending in 1998. Total commitments for landlocked developing countries under the two facilities during this period amounted to SDR 731 million, of which SDR 278.9 million was disbursed.

57. During the 12-year period ending in December 1998, four landlocked developing countries made purchases under the compensatory and contingency financing facility, amounting to a total of SDR 104 million. Since 1995, one landlocked developing country (Rwanda) has made use of the post-conflict emergency assistance.

58. The IMF has provided its members with technical assistance and training in economic and financial matters. Such assistance and training continue to be important elements of the relations between the IMF and its members, who have sought assistance on a wide range of issues, from broad policy issues related to stabilization and adjustment policies and external debt management, to more specialized technical, legal and data-processing matters. Training is provided both at headquarters and overseas by the IMF Institute and by many other IMF departments, including those dealing with monetary and exchange affairs, fiscal affairs, legal matters and statistics, as well as the Bureau of Computing Services. Since January 1998, almost all landlocked developing countries have received some form of technical assistance from the IMF.

59. By September 1998, the executive boards of the World Bank and the IMF had agreed to extend under the Heavily Indebted Poor Countries Initiative assistance to seven countries, including four landlocked countries, namely, Uganda, Bolivia, Burkina Faso and Mali.

Universal Postal Union (UPU)

60. UPU is presently implementing its programme of technical cooperation for the period of 1996-2000. While the programme does not include any specific activities related to landlocked developing countries, its main orientation is towards achieving improvements in developing countries, and of 86 projects currently funded by the UPU, 29 are implemented in landlocked developing countries. These projects are mainly in the sphere of human resource development and improvement of infrastructure equipment. At the twenty-second Congress of the UPU, to be held later in 1999 in Beijing, China a new programme of technical cooperation for the period

of 2000-2004 will be adopted under which UPU will continue to implement programmes in landlocked developing countries.

Islamic Development Bank (IDB)

61. In formulating policies and measures, IDB has always been taken into account the problems of its land-locked developing members countries (Afghanistan, Burkina Faso, Chad, Niger, Tajikistan and Uganda). IDB has several specific programmes such countries which enjoy concessionary loan facilities (15 to 25 year maturity, 3 to 7 year grace period, and 2.5 per cent annual service fee) and special loan facilities (30-year maturity, 10-year grace period, and a 0.75 per cent annual service fee). IDB also extends technical assistance to facilitate project preparation and appraisal, and capacity-institution-building.

62. In addition to the above facilities, landlocked developing countries have access to other non-concessionary financing windows. So far, the assistance to these countries has been mainly focused on projects in the areas of health, education, agriculture and food security, and infrastructure development.

Organisation for Economic Cooperation and Development (OECD)

63. OECD is not itself an aid donor organisation, but its Development Assistance Committee (DAC) monitors and reviews the aid efforts of its members. On the basis of the statistics compiled by DAC on aid flows to each landlocked developing country and best estimates of total aid commitments to the transport and communications sector, it can be observed that although OECD member countries continue to channel resources to the development of transport and communications systems, the transport sector has certainly not been a priority destination for financial and technical assistance and foreign investment. On average, only 9 per cent of total ODA provided by OECD member countries to landlocked developing countries in 1997 was allocated to their transport and communication sector, although the percentage varies quite widely from country to country. Afghanistan, the Central African Republic, Chad, Mongolia, Paraguay, Swaziland and Uganda have spent negligible amounts of this ODA on programmes supporting the transport sector, while Armenia, Bhutan, Kazakhstan, Kyrgyzstan, Nepal, Tajikistan and Zambia have spent a relatively larger share (about 25 per cent) on such programmes.

United Nations Environment Programme (UNEP)

64. UNEP within its overall mandate, provides assistance to landlocked developing countries in the area of trade and environment. UNEP continues to examine the compatibility as well as the complementarity of trade and environmental policy to ensure sustainable trade and development. Its intention is to provide more robust quantitative and qualitative data to decision ...akers on the environmental benefits of removing trade restrictions and distortions in various key sectors, including agriculture, energy, fisheries, transport, textiles and services. This will directly benefit many landlocked countries, which face prohibitively high prices for the inputs necessary for their economic growth.

65. UNEP also undertakes work to ensure consistency between national priorities and international obligations under international environmental agreements. In this respect, it assesses the performance indicators associated with multilateral environmental agreements, with a focus on analysis, methodology and reporting, and examines the trade and economic implications of implementing various conventions. Such work will assist developing countries and countries with economies in transition, including landlocked countries, in addressing areas of increasing importance to trade policy, including the implications of certain environmental principles for trade and commercial policy.

66. Although UNEP's environmental law programme has not taken any specific action related to the particular needs and problems of landlocked developing countries, it has provided advisory services and training on environmental law to land-locked developing countries. Botswana, Burundi, Chad, the Democratic Republic of the Congo, the Lao People's Democratic Republic, Lesotho, Niger, Rwanda, Uzbekistan, Zambia and Zimbabwe have benefited directly from these activities, in which increasing emphasis is placed on the national implementation of international obligations under environmental conventions as well as on the harmonization of environmental legislation among neighbouring countries.

67. Also, UNEP has been providing assistance to the Caspian States, including Azerbaijan, Kazakhstan and Turkmenistan, in the drafting of a framework convention for the Caspian Sea environment. Under the Caspian Environment Programme of UNDP and the Global Environment Facility, UNEP has responsibility for activities related to the legal, regulatory and economic framework at the regional and national levels.

United Nations Industrial Development Organization (UNIDO)

68. Although UNIDO has no specific programmes on landlocked and transit developing countries, it has provided support to them through its technical cooperation activities, its product-related work, various services and specific projects. Within the framework of its product-related activities, UNIDO attaches particular attention to increasing the value-added content, increasing the value of products vis-à-vis transport costs, improving quality and shelf life to allow for longer transport periods, and improving the packaging of goods to reduce transport related damage. Many landlocked developing countries have benefited from these activities. Service-related activities are aimed at promoting acceptance of quality certificates to reduce handling times at borders, facilitating partnership arrangements for cross-border cooperation, and decentralizing decision making process for local and regional development.

69. UNIDO is implementing a variety of projects to develop small and medium-sized enterprises in landlocked developing countries such as Bolivia, the Central African Republic, Ethiopia, Kazakhstan, Kyrgyzstan, Lesotho, Malawi, Zambia and Zimbabwe.

World customs organization (WCO)

70. Customs procedures play a crucial role in any international transaction, as their complexity and diversity affects world trade. One the founding objectives of WCO was to secure the highest degree of harmony and uniformity in customs processes, as expressed in the Kyoto Convention on the Simplification and Harmonization of Customs Procedures. WCO is currently finalizing a revision of the Kyoto Convention to ensure that it fully meets present and future needs of all the international trade partners. The revision will be the official WCO model for customs procedures in the twenty-first century, and is expected to be adopted by the WCO Council in June 1999.

71. The revised Convention will contain a new general annex comprising 10 chapters covering the essential procedures and practices to be implemented by all contracting parties. Acceptance of the general annex will be obligatory for all contracting parties and no reservations will be allowed against its provisions. There will also be several specific annexes covering individual customs procedures, including transit, trans shipment and temporary admission. Part of the revision process is to develop implementation guidelines for each annex and chapter to assist customs administrations in putting the legal provisions of the Convention into effect at the practical level. The revised transit procedures have been designed to cover all means of transport (road, rail, air, river and sea), and to facilitate fully international movement of goods. The specific annex on transit is based on the two principles of eliminating the difficulties faced by carriers and ensuring customs administrations have a control system that provides proper protection of each country's revenue. The annex covers modern enforcement techniques used by customs authorities such as risk assessment and selectivity, audit-based controls and mutual administrative assistance. The implementation of these customs transit principles will therefore contribute to the implementation of a common customs policy by landlocked developing countries and to a more reliable and effective worldwide customs transit procedure.

72. The specific annex on temporary admission also complements another important instrument of WCO, the Convention on Temporary Admission (Istanbul Convention), adopted in 1990. This instrument addresses issues relating to international carnets that are supported by a system of international guarantees allowing the temporary import of goods using internationally accepted documents and security, thereby greatly facilitating trade and economy.

III. Conclusion

73. Both individual countries and international organizations responded to the request by the Secretary-General of UNCTAD for information on policies and actions taken or envisaged taking to develop transit transport systems. While the response was reasonable, a larger number of replies with a greater degree of detail would have made is possible to draw more substantive conclusions. However, the replies received do provide a reasonably adequate picture of the main developments, obstacles, policies and activities at the national, subregional and international levels in the area of transit transport systems.

74. The replies underline that the development of rail and road services is particularly important in achieving better functioning transit transport systems. The development of the physical infrastructure remains a major concern for most landlocked and transit developing countries. Landlocked and transit developing countries have continued to make significant investments in their infrastructure development, subject to the availability of financial resources. The major sources of such investment, in the form of grant aid or soft loans have been their development partners with regional development banks, the World Bank, the European Union and Japan prominent among them. Member states and relevant international organizations have made progress in improving sectoral aspects of transit transport, in particular in the development of sea and inland ports and air safety measures. Efforts have also been made to build up a broader consensus on and a better understanding of various aspects of transit trade at the national and subregional levels through a wide range of workshops for both government officials and the business community, mainly organized by international organizations.

75. Though OECD members have channeled resources to the development of transit transport systems, their financial assistance and foreign investment in the transport sector have been insufficient given that most land-locked developing countries and their transit neighbours have a relatively under-developed physical infrastructure. On average, a mere 9 per cent of total ODA provided by OECD members in 1997 was allocated to the transport and communication sector of landlocked developing countries although allocations vary greatly from country to country.

76. Recently, a few countries have adopted policies and measures to encourage the involvement of the private sector in transit transport operations and to liberalize transport services. Such measures are expected to improve the commercial viability of the transit transport sector and the quality of services and to lend to a reduction in the cost to the customer.

77. Transit traffic is greatly facilitated by bilateral and regional agreements and arrangements which establish the principles and modalities that govern the development of the transit infrastructure, day-to-day management and maintenance and transit procedures. Since 1997, a number of important bilateral agreements have been signed in the field of transit transport. Their effective implementation would further reduce the delays in transit traffic caused by physical and non-physical barriers. In addition, regional agreements within the context of regional integration have been a major vehicle for promoting cooperative arrangements. Also, a number of important regional agreements have been concluded. In many instances, however, the implementation of agreements and arrangements remains weak, owing to the lack of effective monitoring and enforcement mechanisms or the lack of political will on the part of the signatories.

78. At the multilateral level, there is a wide range of conventions relevant to transit traffic, which set out principles for promoting efficient and reliable transit transport systems. Accession to these conventions by landlocked and transit developing countries has so far been slow, although regional economic commissions such as ESCAP and ECE have made focused efforts to promote these conventions.

79. The costs of establishing and maintaining an efficient transit transport system are often so high that landlocked and transit developing countries cannot accomplish this formidable task without adequate support from the international donor community in the shape of advisory and technical services and financial resources.

80. Although most international financial and economic organizations do not have specifically tailored programmes to address the particular needs and problems of landlocked developing countries as a category, most of these countries are eligible for soft window facilities as they are amongst the poorest. As transport costs are a determining factor in any country's external trade performance, most of the replies focused on the transit transport sector. High transport costs erode the competitive edge of landlocked developing countries and have a negative impact on their overall socioeconomic development. Statistics suggest that, on average, landlocked developing countries spend 17.7 per cent of their export earnings on transport services, compared with an average of 8.7 per cent for all developing countries. It is thus necessary to enhance the capacity of landlocked developing countries to participate effectively in the globalizing world economy and international trading systems through increased market access, technology transfer and foreign investment, as well as through human resource development and institution-building.